

Message Text

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PAGE 01 STATE 039763 POSS DUPE
ORIGIN EB-08

INFO OCT-01 NEA-10 ISO-00 SS-15 H-01 INR-07 OES-06 NSC-05
CIAE-00 FEA-01 TRSE-00 SIG-01 /055 R

DRAFTED BY EB/ORF/FSE:DFHART:MW
APPROVED BY EB/ORF:SWBOSWORTH
FEA/RGOODWIN
FEA/IEA:DOLIVER
EB/ORF/FSE:MVCREEKMORE
-----230803 007152 /17 S

R 222340Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA
AMEMBASSY ABU DHABI
USINT BAGHDAD
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY PARIS
AMCONSUL DHAHRAN
AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
USMISSION EC BRUSSELS
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
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AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY OTTAWA
USMISSION OECD PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE

AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT:FEA REGULATIONS RELATING TO TWO-TIER OIL PRICES

REF: ABU DHABI 351 NOTAL

1. VARIOUS PRESS REPORTS IN JANUARY STATED THAT THE FEDERAL ENERGY ADMINISTRATION WAS CONSIDERING CHANGES IN DOMESTIC CONTROLS TO NEUTRALIZE THE EFFECT OF TWO-TIER OPEC PRICING. FEA HAS TAKEN NO ACTION TO ADJUST ITS REGULATORY PROGRAMS FOR THIS PURPOSE. THE PRINCIPAL MECHANISM FOR US REFINER COST EQUALIZATION IS THE EXISTING ENTITLEMENTS PROGRAM UNDER WHICH REFINERS WITH DIS-PROPORTIONATE ACCESS TO CHEAPER DOMESTIC CRUDE MAKE PAYMENTS TO REFINERS DEPENDENT ON IMPORTED CRUDES. THE AMOUNT OF THE PER BARREL PAYMENT TO A REFINER IS CALCULATED ON THE BASIS OF US AVERAGE OIL IMPORT COST REGARDLESS OF HIS ACTUAL IMPORT COST. THUS, OTHER THINGS BEING EQUAL, THE ENTITLEMENTS SYSTEM CONTAINS AN INCENTIVE TO AN INDIVIDUAL REFINER OF IMPORTED OIL TO PURCHASE THE LIMITED OFFICIAL USE

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CHEAPEST AVAILABLE FOREIGN CRUDES.

2. POST SHOULD CORRECT ANY HOST GOVERNMENT MISTAKEN IMPRESSION THAT USG HAS ACTED TO REMOVE COMPANY INCENTIVES TO PURCHASE LOWER TIER OPEC OIL.
VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, IMPORTS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE039763
Document Source: CORE
Document Unique ID: 00
Drafter: DFHART:MW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770062-0395
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770220/aaaaarqd.tel
Line Count: 103
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c6e060c3-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ABU DHABI 351
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3261662
Secure: OPEN
Status: NATIVE
Subject: FEA REGULATIONS RELATING TO TWO-TIER OIL PRICES
TAGS: ENRG, SA, OPEC
To: JIDDA ABU DHABI MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c6e060c3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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